

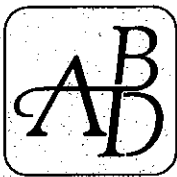
REESE UNITY DISTRICT LIBRARY
Reese, Michigan

Report on Financial Statements
(with required supplementary
and additional information)
December 31, 2008

Reese Unity District Library

Table of Contents

	<u>Page Number</u>
REPORT OF INDEPENDENT AUDITORS	
MANAGEMENT'S DISCUSSION AND ANALYSIS	<i>i & ii</i>
BASIC FINANCIAL STATEMENTS	
<i>Governmental Fund Balance Sheet/Statement of Net Assets</i>	<i>1</i>
<i>Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities</i>	<i>2</i>
<i>Notes to the Financial Statements</i>	<i>3 - 6</i>
REQUIRED SUPPLEMENTARY INFORMATION	
<i>Budgetary Comparison Schedule - General Fund</i>	<i>7 & 8</i>
ADDITIONAL INFORMATION	
<i>Combining Balance Sheet - Nonmajor governmental fund types</i>	<i>9</i>
<i>Combining Statement of Revenues, Expenditures, and Changes in Fund balance - Nonmajor Governmental Fund Types</i>	<i>10</i>



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

March 3, 2009

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Reese Unity District Library
Reese, Michigan 48757

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Reese Unity District Library as of and for the year ended December 31, 2008, which collectively comprise the Library's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Reese Unity District Library management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Reese Unity District Library as of December 31, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i & ii and 7 and 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Reese Unity District Library's basic financial statements. The additional information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Reese Unity District Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

715 East Frank Street
Caro, MI 48723

989-673-3137
800-234-8829
Fax 989-673-3375

www.atbdcpa.com
cpa@atbdcpa.com

Office locations in Caro,
Cass City & Marlette

**Reese Unity District Library
Management's Discussion and Analysis
December 31, 2008**

The basic financial statements on pages 1 and 2 include information that presents two different views of the Library using the modified-accrual and full accrual methods.

The first two columns of the governmental fund balance sheet/statement of net assets and the governmental fund statement of revenue, expenditures, and changes in fund balance/statement of activities include information about the Library's General Fund and Special Revenue Fund under the modified-accrual method. The modified-accrual basis focuses on current financial resources and provides a more detailed view about the accountability of the Library's sources and uses of the funds.

The GASB 34 adjustment columns represent adjustments necessary to convert the modified-accrual basis financial statements to the full-accrual method financial statements. The full-accrual basis focuses on long-term economic resources.

The Library as a Whole column provides both long-term and short-term information about the Library's overall financial status. The Library as a Whole statement of net assets – full-accrual basis column and the Library as a Whole statement of activities – full-accrual basis column provide information about the activities of the Library as a Whole and present a longer-term view of the Library's finances. These columns tell how these services were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Condensed Financial Information

Below shows the key financial information under the full-accrual method in a condensed format. Note: Amounts and totals reported are for all Library activities to give a complete picture.

	<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
Assets		
Current assets	\$393,105	\$305,715
Capital assets	196,565	198,006
Total assets	<u>\$589,670</u>	<u>\$503,721</u>
Liabilities		
Current liabilities	\$6,752	\$7,076
Total liabilities	<u>\$6,752</u>	<u>\$7,076</u>
Net Assets		
Investment in capital assets – Net of related debt	\$196,565	\$198,006
Unrestricted	386,353	298,639
Total net assets	<u>\$582,918</u>	<u>\$496,645</u>

**Reese Unity District Library
Management's Discussion and Analysis
December 31, 2008**

	December 31,	
	<u>2008</u>	<u>2007</u>
Revenue		
Intergovernmental revenue	\$ 4,110	\$ 4,976
Fines	31,709	36,339
Property taxes	175,115	157,000
Interest Income	6,014	4,811
Memorials and donations	3,689	780
Miscellaneous	3,189	2,962
Total revenue	<u>223,826</u>	<u>206,868</u>
Expenditures		
Salaries and employee benefits	76,593	62,027
Library materials	8,603	8,176
Operational	25,155	26,504
Capital Outlay	3,748	-
Depreciation	20,964	16,588
Miscellaneous	2,490	1,174
Total expenditures	<u>137,553</u>	<u>114,469</u>
Change in Net Assets	<u>86,273</u>	<u>92,399</u>
Net Assets, Beginning of year	<u>496,645</u>	<u>404,246</u>
Net Assets, End of year	<u>\$582,918</u>	<u>\$496,645</u>

The Library as a Whole

The Library's net assets increased by \$86,273 this year. The Library's primary sources of revenue are from property taxes and fines.

Salaries and fringe benefits continue to be the largest expense for the Library's General Fund.

The Library's Funds

The budgetary analysis of the General Fund is included on pages 7-8, which shows the General Fund, the Library's major operating fund, including revenues and expenditures, excess of revenue over expenditures, other financing sources and fund balance.

Library's Budgetary Highlights

The major variance was the Penal fines revenue, which was less than budget by \$4,409.

Capital Assets and Long-term Debt Activity

At the end of the fiscal year, the Library had \$196,565 invested in buildings, furniture, equipment, books and videos based on the historical cost. During the year \$11,927 was spent on furniture and fixtures, office equipment and building improvements. Also, \$7,596 was spent on books and videos.

Requests for Information

This financial report is designed to provide a general overview of Reese Unity District Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Reese Unity District Library, Reese, Michigan 48757.

BASIC FINANCIAL STATEMENTS

REESE UNITY DISTRICT LIBRARY
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
December 31, 2008

	<u>General</u>	<u>Nonmajor Governmental Fund</u>	<u>Total- Modified- Accrual Basis</u>	<u>GASB No. 34 Adjustments (Note 3)</u>	<u>Library as a Whole Statement of Net assets- Full-Accrual Basis</u>
<u>ASSETS</u>					
CURRENT ASSETS:					
Cash	\$ 215,720	\$ 8,172	\$ 223,892	-	\$ 223,892
Property taxes receivable				\$ 169,213	169,213
TOTAL CURRENT ASSETS	<u>215,720</u>	<u>8,172</u>	<u>223,892</u>	<u>169,213</u>	<u>393,105</u>
CAPITAL ASSETS					
Capital assets, net of accumulated depreciation		-	-	196,565	196,565
TOTAL CAPITAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,565</u>	<u>196,565</u>
TOTAL ASSETS	<u>\$ 215,720</u>	<u>\$ 8,172</u>	<u>\$ 223,892</u>	<u>\$ 365,778</u>	<u>\$ 589,670</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
CURRENT LIABILITIES					
Deferred revenue	\$ 2,056	-	\$ 2,056	-	\$ 2,056
Payroll liabilities	4,696	-	4,696	-	4,696
TOTAL LIABILITIES	<u>6,752</u>	<u>-</u>	<u>6,752</u>	<u>-</u>	<u>6,752</u>
 <u>FUND BALANCE/NET ASSETS</u>					
Invested in capital assets				\$ 196,565	196,565
Unrestricted	208,968	\$ 8,172	217,140	169,213	386,353
TOTAL FUND BALANCE/NET ASSETS	<u>208,968</u>	<u>8,172</u>	<u>217,140</u>	<u>\$ 365,778</u>	<u>\$ 582,918</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 215,720</u>	<u>\$ 8,172</u>	<u>\$ 223,892</u>		

See accompanying notes to financial statements.

REESE UNITY DISTRICT LIBRARY
Statement of Governmental Fund Revenue, Expenditures And
Changes In Fund Balance/Statement of Activities
For the Year Ended December 31, 2008

	General	Nonmajor Governmental Fund	Total - Modified- Accrual Basis	GASB No. 34 Adjustments (Note 3)	Library as a Whole Statement of Net Assets- Full-Accrual Basis
REVENUES:					
Intergovernmental revenue	\$ 4,110		\$ 4,110		\$ 4,110
Fines	31,709		31,709		31,709
Property taxes	162,902		162,902	\$ 12,213	175,115
Interest Income	5,978	\$ 36	6,014		6,014
Memorials and donations		3,689	3,689		3,689
Miscellaneous	3,189	-	3,189		3,189
TOTAL REVENUES	207,888	3,725	211,613	12,213	223,826
EXPENDITURES:					
Salaries and employee benefits	76,593	-	76,593		76,593
Library materials	16,199	-	16,199	(7,596)	8,603
Operational	25,155	-	25,155		25,155
Capital outlay	15,675	-	15,675	(11,927)	3,748
Depreciation	-	-	-	20,964	20,964
Miscellaneous	2,490	-	2,490		2,490
TOTAL EXPENDITURES	136,112	-	136,112	1,441	137,553
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	71,776	3,725	75,501	10,772	86,273
FUND BALANCE/NET ASSETS - BEGINNING	137,192	4,447	141,639	355,006	496,645
FUND BALANCE/NET ASSETS - ENDING	\$ 208,968	\$ 8,172	\$ 217,140	\$ 365,778	\$ 582,918

See accompanying notes to financial statements.

REESE UNITY DISTRICT LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - DESCRIPTION OF DISTRICT LIBRARY OPERATIONS AND FUND TYPES:

The Reese Unity District Library was established effective February 1, 2005, replacing the Unity District Library. The Reese Unity District Library has new boundaries which are the same as the Reese School District. All assets, liabilities and employees of the Unity District Library were transferred to the new Reese Unity District Library.

The District Library is governed by a board consisting of seven members, two appointed by the Reese Village Council, three appointed by the Denmark Library Board and two appointed by the Reese School Board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. There is no component unit to be included in the Library's financial report.

Measurement Focus, Basis of Accounting, and Financial Statements Presentation:

The Library's basic financial statements include both the Library as a Whole and its individual fund financial statements.

Library as a Whole Financial Statements:

The Library as a whole financial statements (i.e. the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting, which is described below.

Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The statement of activities includes depreciation on long-term assets and eliminates capital outlay expense.

As a general rule, the effect of interfund activity has been eliminated from the library-wide financial statements.

Fund Financial Statements

The Library's individual fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting, which is described below.

Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to claims and judgments are recorded only when payment is due.

REESE UNITY DISTRICT LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Financial Statements (Continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

The Library reports the following governmental fund as a major fund:

General Fund - The General Fund is the Library's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Other Nonmajor Funds:

Special Revenue Fund – Special Revenue Funds are utilized to account for proceeds of specific revenue sources that are legally or board restricted to expenditures for specified purposes.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY:

Cash and Investments – The Library considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Investments are recorded at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds."

Property Taxes – Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. The 2007 taxable valuation of the Library totaled approximately \$164,495,758 on which ad valorem taxes levied consisted of .9965 mills for the Library's operating purposes and for debt retirement. The 2008 taxable valuation of the Library totaled approximately \$169,807,178 on which ad valorem taxes levied consisted of .9965 mills for the Library's operating purposes and for debt retirement.

Capital Assets – Capital assets are defined by the Library as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, furniture, equipment, library books, periodicals, and videos are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	7 - 50 years
Furniture and equipment	5 - 20 years
Library books and videos	5 years

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**REESE UNITY DISTRICT LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgets And Budgetary Accounting:

Reese Unity Area District Library adopts a budget for the General Fund just prior to the beginning of the year. The budget is adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts as shown in the financial statements are as originally adopted or as amended by the Board of Trustees. All annual appropriations lapse at fiscal year-end. The Library does not utilize encumbrance accounting. Any variances from the adopted budget are highlighted on pages 7 and 8.

NOTE 3 – RECONCILIATION OF THE LIBRARY AS A WHOLE AND THE GOVERNMENTAL FUNDS FINANCIAL STATEMENTS:

Total fund balances and the net change in fund balances of the Library's individual funds differ from net assets and change in net assets of the Library as a Whole reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the current focus of the statement of the individual governmental funds' balance sheet and statement of revenue, expenditures and change in fund balance. The following is a reconciliation of fund balances to net assets and the net change in fund balances to the net change in net assets:

Total Fund Balance – Modified-accrual Basis	\$217,140
Amounts reported in the statement of net assets are different because:	
Property Taxes Receivable	169,213
Capital assets are not financial resources and are not reported in the funds	<u>196,565</u>
Total Net Assets – Full-accrual Basis	<u>\$582,918</u>
 Net Change in Fund Balances – Modified-accrual Basis	 \$75,501
Amounts reported in the statement of net activities are different because:	
Property taxes receivable	12,213
Governmental funds report capital outlay as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation:	
Library books and videos	7,596
Capital outlay	11,927
Depreciation expense	<u>(20,964)</u>
 Change in Net Assets – Full-accrual Basis	 <u>\$86,273</u>

REESE UNITY DISTRICT LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS:

Deposits:

At year-end, the bank balances were \$224,458. The carrying amount of the Library's deposits were \$223,892. All of the balance is covered by federal depository insurance. All Library deposits are uncollateralized.

Investments:

The Library does not have any investments as of December 31, 2008.

Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

NOTE 5 - RISK MANAGEMENT:

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Library carries commercial insurance to cover any losses that may result from the above described activities.

NOTE 6 – CAPITAL ASSETS:

Capital asset activity of the Library was as follows:

Capital assets not being depreciated:				
Land	\$	2,500		\$ 2,500
Capital assets being depreciated:				
Buildings and improvements		163,462		163,462
Library books and videos		32,908	7,596	36,504
Furniture and equipment		72,262	11,927	84,189
Total capital assets, being depreciated		268,632	19,523	284,155
Less accumulated depreciation for:				
Buildings and improvements		29,000	4,262	33,262
Library books and videos		15,215	6,114	17,329
Furniture and equipment		28,911	10,588	39,499
Total accumulated depreciation		73,126	20,964	90,090
Total capital assets, being depreciated-net		195,506	(1,441)	194,065
Total net capital assets	\$	198,006	\$ (1,441)	\$ 196,565

Depreciation for the fiscal year ended December 31, 2008 amounted to \$20,964. The Library determined that it was impractical to allocate depreciation to the various library activities as the assets serve multiple functions.

NOTE 7 – PENSION PLAN:

The Library does not have a pension plan.

Required Supplementary Information

REESE UNITY DISTRICT LIBRARY
Required Supplementary Information
Budgetary Comparison Schedule - Revenues
General Fund
For the Year December 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Intergovernmental:				
State aid	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ 4,110</u>	<u>\$ (390)</u>
Total Intergovernmental	<u>4,500</u>	<u>4,500</u>	<u>4,110</u>	<u>(390)</u>
Fines:				
Penal fines	<u>36,118</u>	<u>36,118</u>	<u>31,709</u>	<u>(4,409)</u>
Property taxes	<u>157,500</u>	<u>157,500</u>	<u>162,902</u>	<u>5,402</u>
Miscellaneous Revenues:				
Interest & dividend income	<u>2,550</u>	<u>2,550</u>	<u>5,978</u>	<u>3,428</u>
Miscellaneous income	<u>2,675</u>	<u>2,675</u>	<u>3,189</u>	<u>514</u>
Total Miscellaneous	<u>5,225</u>	<u>5,225</u>	<u>9,167</u>	<u>3,942</u>
TOTAL REVENUES	<u><u>\$ 203,343</u></u>	<u><u>\$ 203,343</u></u>	<u><u>\$ 207,888</u></u>	<u><u>\$ 4,545</u></u>

See the accompanying notes.

REESE UNITY DISTRICT LIBRARY
Required Supplementary Information
Budgetary Comparison Schedule - Expenses
General Fund
For the Year December 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:				
Salaries & Employee Benefits:				
Salaries	\$ 68,962	\$ 68,962	\$ 70,785	\$ (1,823)
Payroll taxes	<u>5,670</u>	<u>5,670</u>	<u>5,808</u>	<u>(138)</u>
 Total Salaries & Employees Benefits	 <u>74,632</u>	 <u>74,632</u>	 <u>76,593</u>	 <u>(1,961)</u>
 Library Materials:				
Office supplies	1,000	1,000	291	709
Books	9,500	9,500	7,019	2,481
Subscriptions	2,000	2,000	1,877	123
Audio/video	3,000	3,000	577	2,423
Supplies	2,500	2,500	2,140	360
Programs	8,500	8,500	1,253	7,247
Memberships, dues, and fees	<u>3,295</u>	<u>3,295</u>	<u>3,042</u>	<u>253</u>
 Total Library Materials	 <u>29,795</u>	 <u>29,795</u>	 <u>16,199</u>	 <u>13,596</u>
 Operational:				
Advertising				-
Insurance	3,525	3,525	3,418	107
Utilities and telephone	6,050	6,050	5,653	397
Repairs and maintenance	3,850	3,850	2,797	1,053
Postage	535	535	589	(54)
Workshops, seminars, and mileage	4,150	4,150	507	3,643
Technology and system maintenance	9,250	9,250	7,607	1,643
Professional services	<u>6,375</u>	<u>6,375</u>	<u>4,584</u>	<u>1,791</u>
 Total Operational	 <u>33,735</u>	 <u>33,735</u>	 <u>25,155</u>	 <u>8,580</u>
 Capital Outlay	 <u>27,650</u>	 <u>27,650</u>	 <u>15,675</u>	 <u>11,975</u>
 Other Miscellaneous	 <u>1,276</u>	 <u>1,276</u>	 <u>2,490</u>	 <u>(1,214)</u>
 TOTAL EXPENDITURES	 <u><u>\$ 167,088</u></u>	 <u><u>\$ 167,088</u></u>	 <u><u>\$ 136,112</u></u>	 <u><u>\$ 30,976</u></u>

See the accompanying notes.

ADDITIONAL INFORMATION

REESE UNITY DISTRICT LIBRARY
COMBINING BALANCE SHEET-
NONMAJOR GOVERNMENTAL FUND TYPES
December 31, 2008

	<u>SPECIAL REVENUE</u>		<u>TOTAL</u>
	<u>ENDOWMENT</u>	<u>MEMORIAL</u>	<u>NONMAJOR</u>
	<u>FUND</u>	<u>FUND</u>	<u>GOVERNMENTAL</u>
			<u>FUNDS</u>
<u>ASSETS</u>			
Cash on hand & in banks	\$ 3,454	\$ 4,718	\$ 8,172
TOTAL ASSETS	<u>\$ 3,454</u>	<u>\$ 4,718</u>	<u>\$ 8,172</u>
<u>LIABILITIES AND FUND BALANCE</u>			
FUND BALANCE			
Reserved	\$ 3,454	\$ 4,718	\$ 8,172
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,454</u>	<u>\$ 4,718</u>	<u>\$ 8,172</u>

See the accompanying notes.

REESE UNITY DISTRICT LIBRARY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUND TYPES
December 31, 2008

	SPECIAL REVENUE		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	ENDOWMENT FUND	MEMORIAL FUND	
REVENUES:			
Interest income	\$ 18	\$ 18	\$ 36
Memorials and donations	922	2,767	3,689
TOTAL REVENUES	940	2,785	3,725
EXPENDITURES:			
TOTAL EXPENDITURES	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	940	2,785	3,725
OTHER FINANCING SOURCES (USES)			
Transfers in			-
Transfers out			-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
EXCESS OF REVENUES & OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	940	2,785	3,725
FUND BALANCE JANUARY 1, 2008	2,514	1,933	4,447
FUND BALANCE DECEMBER 31, 2008	\$ 3,454	\$ 4,718	\$ 8,172

See the accompanying notes.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

March 3, 2009

To the Members of the Board
Reese Unity District Library

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Reese Unity District Library for the year ended December 31, 2008, and have issued our report thereon dated March 3, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 26, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on January 26, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Reese Unity District Library are described in Note 2 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed adjustments that we consider to be significant and have communicated this to management in our letter dated March 3, 2009.

715 East Frank Street
Caro, MI 48723

989-673-3137
800-234-8829
Fax 989-673-3375

www.atbdcpa.com
cpa@atbdcpa.com

Office locations in Caro,
Cass City & Marlette

Members of the Board
March 3, 2009
Page two

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 3, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

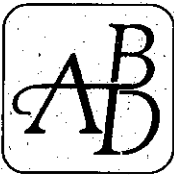
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of Reese Unity District Library and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

March 3, 2009

To the Board of Reese Unity District Library

In planning and performing our audit of the financial statements of Reese Unity District Library as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Reese Unity District Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. During the course of our audit, we observed the following significant deficiency:

Segregation of Duties (Repeat Comment)

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the library segregate duties whenever possible.

This communication is intended solely for the information and use of management, Reese Unity District Library, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to Reese Unity District Library and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants

715 East Frank Street
Caro, MI 48723

989-673-3137
800-234-8829
Fax 989-673-3375

www.atbdcpa.com
cpa@atbdcpa.com

Office locations in Caro,
Cass City & Marlette